



STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center
Newark, NJ 07102

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION FOR AN)
ORDER AUTHORIZING WILLIAMS LOCAL)
NETWORK, INC. TO PROVIDE LOCAL)
EXCHANGE AND EXCHANGE ACCESS)
TELECOMMUNICATIONS SERVICES)
THROUGHOUT NEW JERSEY)

ORDER OF APPROVAL

DOCKET NO. TE99110883

(SERVICE LIST ATTACHED)

BY THE BOARD:

By letter dated November 17, 1999, Williams Local Network, Inc. (Petitioner or Williams) filed a petition with the Board of Public Utilities (Board) requesting authority to provide local exchange and exchange access services throughout the State of New Jersey. In addition, Williams responded to a staff questionnaire by letter dated March 23, 2000 and to Staff interrogatories by letters dated June 13, 2000 and August 4, 2000.

According to the petition, Petitioner was incorporated under the laws of the State of Delaware on July 29, 1999. Petitioner's principal offices are located at One Williams Center, Tulsa, Oklahoma 74172. Petition at 2. Williams is a wholly owned subsidiary of Williams Communications, Inc., which in turn is a wholly owned subsidiary of Williams Communications Group, Inc. (WCG). Id. at 3. Although WCG is traded on the New York Stock Exchange, a controlling interest in WCG is held by the Williams Companies, Inc., of which it is a subsidiary. Id. at Exhibit 4.

Petitioner submitted copies of its Articles of Incorporation, New Jersey Certificate of Good Standing and its New Jersey authority to operate as a foreign corporation. Id. at 3, Exhibits 1, 2 and 3. Petitioner advised that it is currently certified to provide facilities-based and resold local exchange telecommunications services in Washington D.C. and has applications pending in Arizona, Florida, Massachusetts, Maryland, New York, and Washington. Id. at 5. Williams has not been denied authority to provide telecommunications services in any state. In addition, Williams has no pending civil, criminal or administrative actions against it. Id. at 5-6. Williams advised that it is currently negotiating an interconnection agreement with Bell Atlantic-New Jersey.

Williams initially proposes to offer ATM, frame relay, internet protocol, and private line, point-to-point or point-to-multipoint transmission services for carrying digitized information between two or more points within an exchange area and at bandwidth ranging from 1.54 Mbps to 2.49 Gbps.

Williams proposes to offer these services to other carriers and internet service providers. In order to do so, Williams may use its own fiber-optic facilities, facilities leased from other telecommunications providers, service purchased for resale, unbundled network elements, or a combination of these. Id. at 4.

Petitioner requested a waiver of N.J.S.A. 48:3-7.8, N.J.A.C. 14:1-1.2, 14:1-5.15 and 14:10-1.16(b), which require that its books and records be maintained in accordance with the Uniform System of Accounts (USOA) and within the State of New Jersey. Petitioner requested that in the interest of efficiency and to prevent undue burden, its books and records will be maintained in accordance with Generally Accepted Accounting Principles (GAAP). Id. at 6. Petitioner also requests permission to keep all books, records, documents and other writings incident to the conduct of business of Petitioner in the State of New Jersey at Petitioner's corporate offices in Tulsa, Oklahoma. Ibid. Petitioner also stated that, upon written notice from the Board, it will produce its books and records at such time and place within New Jersey as the Board may designate and will pay any reasonable expenses for examination of the records.

Petitioner asserted that approval of its petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. Petitioner also asserted that approval of this Petition will provide New Jersey customers with access to new technologies and service choices and will permit customers to achieve increased efficiencies and cost savings. In addition, Petitioner stated that approval of its petition will enhance the telecommunications infrastructure in the State of New Jersey and will facilitate economic development. Id. at 7.

With regard to its managerial qualifications, Williams stated that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. Id. at 3. Petitioner submitted the professional biographies of its key personnel who, according to Williams, are well qualified to execute its business plans, and have extensive managerial and technical experience in the telecommunications industry. Id. at 3, Exhibit 5.

Petitioner submitted a copy of WCG's October 1, 1999 initial public offering prospectus, which contains extensive financial disclosures of its parent, as evidence of sufficient financing.

DISCUSSION

On February 8, 1996, the federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. §151 et seq., was signed into law, removing barriers to competition by providing that:

[n]o State of local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

[47 U.S.C. §253(a)].

Therefore, Board approval of Petitioner's entry into the telecommunications marketplace is required, assuming Petitioner meets all other requirements, including, but not limited to a demonstration of financial, technical and managerial integrity.

In considering this application, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets. 47 U.S.C. §253(a). Approval is also in keeping with the New Jersey State Legislature's decision that it is the policy of the State to provide diversity in the supply of telecommunications services, and its findings that competition will "promote efficiency, reduce regulatory delay and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N.J.S.A. 48:2-21.16(a)(4); N.J.S.A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed Williams petition and the information supplied in support thereof, the Board FINDS that Petitioner has demonstrated that it possesses the requisite financial, technical and managerial resources which are necessary to provide telecommunications services in New Jersey. Accordingly, the Board HEREBY AUTHORIZES Petitioner to provide local exchange and exchange access telecommunications services in New Jersey subject to approval of its tariff and submission of its own pro forma financial statements. The Board notes that Petitioner will not be able to provide telecommunications services until a tariff is approved by the Board and the required financial statements have been provided. Regarding the Petitioner's request for waivers of Board rules, the Board FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements to maintain its books and records under the USOA and within New Jersey. Therefore, subject to the Petitioner's continuing responsibility to provide the Board its books and records upon 48 hours notice, and in the manner requested, and to pay to the Board any reasonable expenses or charges incurred by the Board for any investigation or examination of these books and records, the Board APPROVES Petitioner's request for the exemptions from maintaining its books and records in New Jersey and under the USOA.

DATED: 9/12/00

BOARD OF PUBLIC UTILITIES
BY:

(signed)
HERBERT H. TATE
PRESIDENT

(signed)
CARMEN J. ARMENTI
COMMISSIONER

(signed)
FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

(signed)
FRANCES L. SMITH
SECRETARY